

Message Text

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PAGE 01 LIMA 02448 282107Z

71

ACTION ARA-20

INFO OCT-01 ISO-00 L-03 SS-20 SPC-03 IO-14 AID-20 STR-08

EB-11 COME-00 FRB-02 TRSE-00 OMB-01 XMB-07 CIAE-00

INR-10 NSAE-00 PA-04 RSC-01 USIA-15 PRS-01 H-03 NSC-07

OIC-04 DRC-01 /156 W

----- 129380

P R 282034Z MAR 74

FM AMEMBASSY LIMA

TO SECSTATE WASHDC PRIORITY 9475

AMEMBASSY BRASILIA PRIORITY

AMEMBASSY SANTIAGO

INFO AMEMBASSY CARACAS

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BRASILIA AND SANTIAGO FOR SECRETARY SHULTZ

EO 11652 N/A

TAGS: EFIN, IDB, OCON, OVIP, PE

SUBJ: PERUVIAN AGENDA FOR IDB MEETING

REFS: LIMA 2250, STATE 59760

1. PERUVIAN MINISTRY OF ECONOMY TECHNICAL ADVISER
JAIME QUIJANDRIA INFORMED EMBASSY OFFICERS MARCH 27 THAT,
CONTRARY TO EARLIER INDICATIONS MENTIONED LIMA 2250,
PERUVIAN DELEGATION HAS NOW DECIDED THAT TIME NOT OP-
PORTUNE TO PRESS FOR DECISION ON STRUCTURAL CHANGES IN
IDB CHARTER DURING SANTIAGO CONFERENCE. QUIJANDRIA
EXPLAINED THAT WORKING GROUP OF EIGHT COUNTRIES WHICH
HAD BEEN PREPARING POSITION PAPER ON IDB STRUCTURAL
CHANGES HAD NOT BEEN ABLE TO COMPLETE ITS TASK IN TIME
AND THAT THEREFORE, WHILE PERU WOULD PLAN TO RAISE
GENERAL SUBJECT OF NEED FOR BASIC CHANGE IN CHARTER
AT FORTHCOMING MEETING, NEITHER IT NOR OTHER COUNTRIES
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PAGE 02 LIMA 02448 282107Z

BELIEVE SUFFICIENT CONSENSUS REACHED TO JUSTIFY DETAILED

DISCUSSION IN VOTE AT THIS SESSION. IN SAME VEIN, HE NOTED THAT ISSUE OF NEW MEMBERS TIED TO RESTRUCTURING QUESTION WHICH SHOULD BE STUDIED FURTHER PRIOR TO 1975 MEETING.

2. IN EXPLANATION, QUIJANDRIA STATED THAT PERU DOES NOT BELIEVE THAT US SHOULD HAVE EFFECTIVE "MAJORITY" CONTROL OF VOTING RIGHTS IN IDB AND THAT CONTINUATION OF US DOMINANCE IN IDB WOULD INHIBIT FURTHER CAPITAL DONATIONS BY OTHER LATINS AND/OR NEW POTENTIAL DONORS. HE ALSO REITERATED FAMILAR THEME THAT THE IDB SHOULD BE MORE OF A "DEVELOPMENT BANK," AUTHORIZING PROGRAM LOANS BASED ON EACH COUNTRY'S DEVELOPMENT NEEDS RATHER THAN ON PIECEMEAL PROJECT-BY-PROJECT BASIS. FURTHER DISCUSSION ELICITED USUAL PERUVIAN BILL OF PARTICULARS IN REGARD TO IDB, INCLUDING: (A) DELAYS IN IMPLEMENTING LOAN PROJECTS; (B) RELUCTANCE TO ASSIST IN FINANCING PROJECTS RELATED TO DEVELOPMENT OF FOREIGN TRADE; (C) STRUCTURE DOES NOT OFFER SUFFICIENT INCENTIVE TO CAPTURE NECESSARY FUNDS FROM OTHER COUNTRIES, INCLUDING EXTRA-REGIONAL DONOR/PARTICIPANTS. THIS FINAL POINT IS IN REFERENCE TO FACT THAT PERU APPARENTLY BELIEVES USG DOMINANCE OF IDB INHIBITS PROTENTIAL CAPITAL CONTRIBUTIONS FROM VENEZUELAN, JAPANESE, EUROPEANS, AND ARABS WHO MIGHT OTHERWISE BE INTERESTED IN DIRECT PARTICIPATION.

3. QUIJANDRIA STRESSED THAT PERU IS HOPEFUL THAT NEW SPIRIT OF MEXICO MEETING WILL BE REFLECTED IN IDB, PARTICULARLY IN REGARD TO USG FLEXIBILITY ON ORGANIZATION AND DEVELOPMENT ROLE OF IDB, ALTHOUGH PERUVIAN DELEGATION DOES NOT EXPECT MAJOR INITIATIVE FROM OUR SIDE.

4. TURNING TO MEETING OF SECRETARY SHULTZ AND THE FINANCE MINISTERS, QUIJANDRIA THANKED US FOR INFORMATION ON REVISED MEETING SCHEDULE CONTAINED IN STATE 59760 AND SAID THAT PERUVIAN MINISTER MARCO DEL PONT, ALTHOUGH NOT DIRECTLY CONVERSANT WITH DETAILS TRANSFER OF TECHNOLOGY ISSUE, WILL WELCOME DISCUSSION THAT POINT. IN ADDITION, QUIJANDRIA SPECULATED THAT MARCO DEL PONT WILL SPECIFICALLY LIMITED OFFICIAL USE

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PAGE 03 LIMA 02448 282107Z

ASK FOR CLARIFICATION OF USG VIEWS IN REGARD TO ROLE C-20 AND IMF (OR THER IFIS) MAY PLAY SUGGESTING MECHANISMS FOR FINANCING LDC OIL IMPORT DEFICITS, AS WELL AS USG PROGNOSIS ON BASIC COMMODITY PRICE DEVELOPMENTS.

5. NOTWITHSTANDING HIS CRITICISM OF IDB STRUCTURE, QUIJANDRIA NOTED WITH OBVIOUS PLEASURE THAT IDB STAFF APPEARS FAVORABLY DISPOSED TOWARD DEVELOPING A LARGE

FINANCING PACKAGE FOR PERU, ALTHOUGH HE DID NOT INDICATE WHAT THIS MIGHT ENTAIL. HE ALSO NOTED THAT PERUVIAN VIEWS IN REGARD TO COPESCO TOURISM LOAN HAVE BEEN ACCEPTED BY IDB STAFF (LOAN WILL INCLUDE BOTH INFRA-STRUCTURE AS WELL AS CONSTRUCTION COMPONENTS) AND THAT LOAN PROPOSAL WILL BE PRESENTED FOR IDB BOARD APPROVAL IN NEAR FUTURE.

6. COMMENT: IT APPARENT THAT GOP HAS REALIZED IT LACKS SUFFICIENT SUPPORT TO PUSH FOR BASIC CHARTER REVISION THIS SESSION, ALTHOUGH IT CERTAIN THAT PERUVIANS WILL RAISE ISSUE AT SANTIAGO. PERU ALSO APPEARS REALIZE THAT EARLIER PROPOSALS REQUIRE RESTUDY AND POSSIBILITY CONSIDERABLE REVISION IN LIGHT OF RECENT CHANGES IN BASIC WORLD ECONOMIC RELATIONSHIPS. IN REGARD TO ANY BILATERAL DISCUSSIONS, WE ALSO PRESUME THAT SOME MEMBERS GOP DELEGATION MAY RAISE ISSUE OF MORE ACTIVE EXIM LENDING ROLE WITH RESPECT TO PERU IN ADDITION TO POINTS MENTIONED ABOVE.
BELCHER

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